

- You can read more about loan consolidation in our publication *Repaying Your Student Loans*. You can get a copy online at www.studentaid.ed.gov/pubs or a paper copy by contacting the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

Once made, consolidation loans cannot be revoked for any reason (e.g., because the applicant divorces or changes his or her mind, etc.) because the underlying loans that were consolidated have been paid off and no longer exist.

C5 LOAN DISCHARGE (CANCELLATION)

Is it ever possible to have my federal student loan discharged (canceled)?

What qualifies my loan for discharge?

How do I find out if I can get a discharge?

Can my parents ever have their PLUS Loan discharged (canceled)?

The same rules that apply to you, also apply to your parents' PLUS Loan

Perkins Loan Discharge (Cancellation) Summary Chart

Direct/FFEL Stafford Loan Discharge (Cancellation) Summary Chart

Is it ever possible to have my federal student loan discharged (canceled)?

Yes, but only under certain circumstances and as long as you're not in **default*** on the loan. A discharge releases you from all obligation to repay the loan.

Your loan cannot be canceled because you didn't:

- Complete the program of study at the school (unless you could not complete the program for a valid reason, for example, because the school closed),
- Like the school or program of study, or
- Obtain employment after completing the program of study.

What qualifies my loan for discharge?

Two examples are your death or your total and permanent disability. Also, your loan might be discharged because of the type of work you do: teaching in a designated low-income school, for example.

Other cancellations are loan specific. For a complete list of cancellation provisions for Perkins Loans and Stafford Loans, check the following two charts: Perkins Loan Discharge (Cancellation) Summary (page 32) and Direct/FFEL Stafford Loan Discharge (Cancellation) Summary (page 33).

How do I find out if I can get a discharge?

After reviewing the cancellation conditions, if you think you qualify, you must apply to the holder of your loan.

- Federal Perkins Loans**—Check with the school that made you the loan or with the school's loan servicing agent.
- Direct Stafford Loans**—Contact the Direct Loan Servicing Center at 1-800-848-0979. TTY users can call 1-800-848-0983. Or, go to www.dl.ed.gov.
- FFEL Stafford Loans**—Contact your lender or its loan servicing agent.

Can my parents ever have their PLUS Loan discharged (canceled)?

Generally, if any of the conditions listed in the Direct/FFEL Stafford Loan Discharge (Cancellation) Summary Chart applies to **you**, your parents can have the FFEL or Direct PLUS Loan they borrowed for you discharged.

The same rules that apply to you, also apply to your parents' PLUS Loan:

- A PLUS Loan cannot be canceled because you didn't complete your program of study at your school (unless, for example, you couldn't complete the program because the school closed).
- A PLUS Loan cannot be canceled because you didn't like your school or the program of study.
- A PLUS Loan cannot be canceled because you didn't obtain employment after completing the program of study.

PERKINS LOAN DISCHARGE (CANCELLATION) SUMMARY CHART

Cancellation Conditions ^a	Amount Forgiven
Bankruptcy (in rare cases—cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship)	100 percent
Closed school (before student could complete program of study)—applies to loans received on or after Jan. 1, 1986	100 percent
Borrower's total and permanent disability ^b or death	100 percent
Full-time teacher in a designated elementary or secondary school serving students from low-income families ^c	Up to 100 percent
Full-time special education teacher (includes teaching children with disabilities in a public or other nonprofit elementary or secondary school) ^c	Up to 100 percent
Full-time qualified professional provider of early intervention services for the disabled	Up to 100 percent
Full-time teacher of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas	Up to 100 percent
Full-time employee of a public or nonprofit child- or family-services agency providing services to high-risk children and their families from low-income communities	Up to 100 percent
Full-time nurse or medical technician	Up to 100 percent
Full-time law enforcement or corrections officer	Up to 100 percent
Full-time staff member in the education component of a Head Start Program	Up to 100 percent
Vista or Peace Corps volunteer	Up to 70 percent
Service in the U.S. Armed Forces	Up to 50 percent in areas of hostilities or imminent danger

^a As of Oct. 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's **promissory note**.^{*} However, this benefit is not retroactive to services performed before Oct. 7, 1998.

^b Total and permanent disability is defined as the inability to work and earn money because of an illness or injury that is expected to continue indefinitely or to result in death. If you are determined to be totally and permanently disabled based on a physician's certification, your loan will be conditionally discharged for up to three years. This conditional discharge period begins on the date you became totally and permanently disabled, as certified by your physician. During this conditional discharge period, you do not have to make payments on your loan(s). To qualify for a final discharge due to total and permanent disability, you must meet the following requirements during the conditional discharge period: (1) your earnings from employment must not exceed the poverty line amount for a family of two; and (2) you

must not receive any additional loans under the FFEL, Direct Loan or Perkins Loan programs. If you do not continue to meet these requirements at any time during or at the end of the conditional discharge period, your loan(s) will be taken out of conditional discharge status and you must resume making payments on your loans. You cannot qualify for loan discharge based on a condition that existed before the loan was made, unless a doctor certifies that your condition substantially deteriorated after you obtained the loan. For more information on qualifying for this discharge, review your **promissory note**^{*} and Borrower's Rights and Responsibilities Statement or contact your loan holder.

^c Detailed information on teaching service cancellation/deferment options can be found at www.studentaid.ed.gov. At the site, click on the "Repaying" tab, then on "Cancellation and Deferment Options for Teachers."